
Building Control Shared Service

Committee considering report:	Executive on 26 May 2016
Portfolio Member:	Councillor Marcus Franks
Date Portfolio Member agreed report:	7 April 2016
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Forward Plan Ref:	EX3063

1. Purpose of the Report

- 1.1 Following an in-principle decision earlier in the year work has been underway to look at the feasibility of a shared Building Control Service formed by the merger of the current service with Royal Borough of Windsor & Maidenhead and Wokingham Borough Council.
- 1.2 This work has concluded that not only would such a service be feasible but given prevailing market conditions it will also be desirable. The supporting information sets out the reasons for this.

2. Recommendations

2.1 The Executive resolves

- (1) To support the proposed shared Building Control Service with Wokingham Borough Council as lead authority as set out in the report.
- (2) to agree to the discharge of function relating to the building control service by Wokingham Borough Council under the provisions of Section 101 Local Government Act 1972, Section 9EA the Local Government Act 2000 and Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012
- (3) to delegate to Head of Culture & Environmental Protection authority (in consultation with the Head of Legal Services and Portfolio Member) to conclude negotiations and enter into triparty shared services agreement with Wokingham Council (as a lead Authority) and Royal Borough Windsor & Maidenhead for the provision of discharge of building control services.

3. Implications

- 3.1 **Financial:** Around 85% of the building control budget operates through a traded account which is legally required to break even on a three year rolling cycle. Fees for consideration of Building Regulation applications are set to cover 88% of surveyor costs and 80% of management and support costs as well as internal re-charges such as IT, HR, Finance etc. There are then a range of non fee-earning statutory functions which are funded from the general revenue account. These primarily relate to control of demolitions and unsafe buildings and structures. It is proposed to transfer both work streams into the shared service as one

compliments the other both on a financial and operational level.

Nationally the established split between fee and non fee earning is 80/20. By driving efficiencies we ensured that we are below the 20% figure. It is because of this efficiency that has already been derived that there is effectively no scope for saving at this time. The shared service will continue to pay the existing support service re-charge costs to West Berkshire Council. This will ensure there are no losses incurred to the Council. The rationale for the shared service is primarily around longer terms resilience and marketability. The full draft business plan incorporating the final business case is set out in Appendix C.

3.2 **Policy:** There are no implications

3.3 **Personnel:** All employees employed in the provision of a Building Control Consultancy service on 30th June 2016 will transfer to Wokingham Borough Council under the Transfer of Undertakings (Protection of Employment) Regulations 2006. There are currently 8 employees in scope. TUPE preserves the continuity of employment and terms and conditions of those employees who are transferred to a new employer when a relevant transfer takes place. These employees will automatically become employees of Wokingham Borough Council on the same terms and conditions and are entitled to protection under the legislation.

3.4 **Legal:**

- 1) The triparty agreement between the Council, the lead authority (Wokingham Borough Council) and Royal Borough Windsor & Maidenhead would need to be completed. This is currently in negotiations. It should be noted that the each party jointly shares the risk including redundancies and failure of the service provision as is axiomatic of a joint arrangement.
- 2) In order to minimise this risk a robust governance arrangement would need to be agreed and enshrined in the triparty agreement.
- 3) The arrangement for the discharge of function is made under the provisions of Section 101 of the Local Government Act 1972, Section 9EA of the Local Government Act 2000 and Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012.

3.5 **Risk Management:** There is a significant risk to the service if the proposal does not proceed. Recruitment has proved difficult and the service is currently carrying two Principal Surveyor vacancies which despite a number of attempts have not been filled. These are currently covered by agency surveyors whose costs are significantly higher than employed surveyors. It is only the fact that the Building Control Manager post has been vacant for 9 months than this difference in cost has been covered without having to raise fees and further damaging the competitiveness of the Service. Not replacing the Manager with at least a team leader is not sustainable longer term if the service is to move forward.

The ever present danger of raising fees is that management and support costs become and increasingly higher proportion of the service costs as work is lost to the private sector.

In terms of risk associated with the delivery of the shared service a significant amount of work has been carried out on the business case and it is the view of the project Board that this can be managed within the service with reduced

management overhead and the benefits of a larger service able to market, compete and attract staff or follow a 'grow your own policy'

- 3.6 **Property:** It is anticipated that staff numbers based the former West Berkshire Service will continue to be based at Market Street for the foreseeable future. This will be re-charged to the new shared service.
- 3.7 **Governance:** The Governance arrangements are set out in the Business Plan. These will consist of a Shared Service Board on which the relevant Executive Member for each participant authority will sit. This Board will receive and consider business plans, performance and finance reports and recommend to the partner authorities any change to strategic direction.

4. Other options considered

- 4.1 There are a range of options that have been considered including keeping the service in-house, creating a stand alone or mutualised service or sharing with a greater number of authorities.

The option of keeping the service in-house is not favoured for the reasons set out in 3.5 above. If this decision was taken a team leader or manager role would be required which would add to the cost of the service requiring a fee increase and damaging competitiveness. It would still remain a relatively small service and would not easily allow for the development of a marketing function and without salary review is likely to result in long term agency overheads as the prospect of recruiting remains low.

In the medium term an arms length service delivery model is considered favourable. This would allow for operation on a much more commercial basis and could deliver returns for partner authorities. However it is felt that this is best achieved in two stages. This being stage one. In due course it will be something that the Shared Service Board will consider and if it is felt appropriate will make recommendations to the relevant Executive bodies of each authority for consideration. Any future change in this direction would require further Executive approval.

As set out in the background papers the addition of a further LA service or LA services is something that could also be considered in due course once the current proposal is established.

5. Executive Summary

- 5.1 A change to the delivery model will need delegation of the Council for its existing Building Control functions to Wokingham Borough Council. Oversight will be via a Joint Delivery Board where West Berkshire Council will be represented by the relevant Executive Member.
- 5.2 These are challenging times for LA Building Control Services. It is for this reason that some 100 arrangements of this nature already exist around the Country. This issues and options have been considered by the Project Board supported by HR, Legal, Finance and ICT subgroups. The Board has concluded that the entering into a shared service arrangement represents the best way forward for all the reasons set out in this report and supporting papers.

6. Conclusion

- 6.1 That the entering into a five year shared service agreement based on the business case set out in Appendix C and supporting papers presents that best option for the future delivery of the Building Control functions by West Berkshire Council.

7. Appendices

- 7.1 Appendix A - Supporting Information
- 7.2 Appendix B – Equalities Impact Assessment
- 7.3 Appendix C – Business Plan incorporating the Business Case